
DIGEST

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Chaisson

SB No. 2

Present law establishes the Budget Stabilization Fund and provides for the monies to be deposited into the fund.

Present law provides that all mineral revenues received in each fiscal year by the state in excess of \$750 million (the "base") shall be deposited in the fund after allocations are made to the Bond Security and Redemption Fund, the political subdivisions for severance taxes and royalties, the Conservation Fund, and the Louisiana Quality Trust Fund. Present law further provides that the base may be increased every 10 years by a law enacted by 2/3's of the elected members of each house of the legislature.

Proposed law retains present law.

Present law permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated in the next fiscal year's official forecast if revenue estimates for the next fiscal year are less than the official forecast for the current fiscal year. Present law provides that if the legislature is not in session, the 2/3 requirement may be satisfied by obtaining the written consent of 2/3's of the elected members of each house of the legislature in a manner provided by law.

Proposed law retains present law.

Present law further permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be appropriated for the current fiscal year budget if a deficit for the current fiscal year is projected due to a decrease in the official forecast.

Proposed law permits up to 1/3 of the Budget Stabilization Fund, subject to 2/3 approval of each house of the legislature, to be incorporated into the current fiscal year's official forecast if a deficit for the current fiscal year is projected due to a decrease in the official forecast.

Proposed law provides that if 2/3 of each house of the legislature approves a portion of the Budget Stabilization Fund to be incorporated into the official forecast, and the Revenue Estimating Conference incorporates such portion into the official forecast, the state treasurer shall transfer the amount of monies so authorized to the general fund.

Present law provides that no appropriation or deposit shall be made to the Budget Stabilization Fund if such appropriation or deposit would cause the balance in the fund to exceed 4% of total state revenue receipts for the previous fiscal year. Provides that total state revenue receipts shall not include any monies received by the state from the Federal Emergency Management Administration or other federal sources providing disaster relief assistance.

Proposed law retains present law.

Present law provides that no appropriation or deposit to the fund shall be made in the same fiscal year as an appropriation, use or withdrawal is made from the fund or until such time as the official forecast exceeds the actual collections of state general fund (direct) revenue for Fiscal Year 2008.

Proposed law changes present law and instead provides that, when the amount in the fund is 4% of total state revenue receipts for the previous fiscal year, except pursuant to a specific appropriation by the legislature to the fund, no appropriation or deposit to the fund shall be made in the same fiscal year in which a specified amount of the fund is incorporated into the official forecast or an appropriation or transfer is made from the fund. Further provides that

in each of the three fiscal years immediately following the fiscal year in which such specified amount of the fund is incorporated into the official forecast or an appropriation or transfer is made from the fund, no more than one-third of mineral revenue in excess of the base amount shall be deposited in the fund, except pursuant to a specific appropriation by the legislature to the fund.

Section 1 of the Act becomes effective and operative if the amendment of Article VII, Section 10.3(C) of the Constitution of Louisiana contained in the Act which originated as SB 1 of the 2010 RS is adopted at the statewide election to be held on November 2, 2010, and at the same time as such proposed amendment becomes effective. Sections 2 and 3 of the Act, which are the effective date provisions, become effective on July 1, 2010.

(Amends R.S. 39:94(A)(2) and (C))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Dedicates a percentage of mineral revenues to the fund each year, 5% in FY 2012-2013 and 2013-2014 and 10% in FY 2014-2015 and thereafter.
2. Removes provisions relative to the amount of mineral revenues received by the state before deposits may be made to the fund (the \$750 million/\$850 million base).
3. Removes provisions relative to changing the base every 10 years.
4. Provides that in FY 2009-2010, 2010-2011 and 2011-2012, no deposit shall be made to the fund except pursuant to a specific appropriation.
5. Changes cap on fund to provide that in FY 2012-2013 and thereafter, except pursuant to a specific appropriation, no deposit shall be made to the fund if such would cause the fund balance to exceed \$1 billion.
6. Provides that in the fiscal year immediately following the fiscal year in which a portion of the fund is incorporated into the official forecast or an appropriation is made from the fund, no more than 5% of mineral revenues shall be deposited in the fund, except pursuant to a specific appropriation.

Senate Floor Amendments to engrossed bill.

1. Technical amendments.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the reengrossed bill.

1. Removes provisions changing the determination of mineral revenues to be deposited into the fund.
2. Removes provisions permitting incorporation of a portion of the Budget Stabilization Fund when there is a decrease in federal financial participation in certain state assistance expenditures.
3. Removes proposed changes to the fund cap.

4. Adds specification that the Revenue Estimating Conference incorporate a portion of the Budget Stabilization Fund into the official forecast prior to the state treasurer transferring such portion to the state general fund.
5. Removes provisions regarding deposits into the fund for Fiscal Years 2009-2010, 2010-2011, and 2011-2012.
6. Removes provisions regarding deposits into the fund in the fiscal year in which a portion of the fund is incorporated into the official forecast and the fiscal year after.
7. Adds provision restricting deposits of mineral revenue into the fund in the year in which an amount of the fund is incorporated into the official forecast and restricting the amount of mineral revenues deposited into the fund to no more than one-third of the amount incorporated into the official forecast for each of the three fiscal years immediately after. Specifies that such restrictions only apply if the fund is at or above its cap immediately prior to incorporating a portion of the fund into the official forecast.